Business Advice
We Shouldn’t Believe Any More

Andrew McAfee, MIT
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@amcafeee
Let machines handle the routine work; let people make the judgment calls.
Geeks vs. HiPPOs

Clinical Versus Mechanical Prediction: A Meta-Analysis

William M. Grove, David H. Zald, Boyd S. Lebow, Beth E. Snitz, and Chad Nelson
University of Minnesota, Twin Cities Campus

136 studies of expert vs. algorithmic prediction
(HiPPO) (Geek)

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<th>Experts Clearly Better</th>
<th>Tossup</th>
<th>Algorithm Clearly Better</th>
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<td>8 (6%)</td>
<td>65 (48%)</td>
<td>63 (46%)</td>
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Google's AlphaGo AI beats Lee Se-dol again to win Go series 4-1

By Sam Byford on March 15, 2016 05:00 am  Email  @345triangle
“I would go as far as to say not a single human has touched the edge of the truth of Go.”

- Go champion Ke Jie
Machines are demonstrating excellent judgment
Companies
Strengthen your core
The Core Competence of the Corporation

by C.K. Prahalad and Gary Hamel

FROM THE MAY-JUNE 1990 ISSUE
To answer the most vexing innovation and research questions, crowds are becoming the partner of choice. Apple has turned to large numbers of users and developers distributed around the world to propel its growth by creating apps and podcasts that enhance its products. Biologists at the University of Washington used crowds of
Using the Crowd as an Innovation Partner

by Karim R. Lakhani

FROM THE APRIL 2013 ISSUE

To answer the most vexing innovation and research questions, crowds are becoming the partner of choice. Apple has turned to large numbers of users and developers distributed around the world to propel its growth by creating apps and podcasts that enhance its products. Biologists at the University of Washington used crowds of
To answer the most vexing innovation and research questions, crowds are becoming the partner of choice. Apple has turned to large numbers of users and developers distributed around the world to propel its growth by creating apps and podcasts that enhance its products. Biologists at the University of Washington used crowds of
Inside a Moneymaking Machine Like No Other

The Medallion Fund, an employees-only offering for the quants at Renaissance Technologies, is the blackest box in all of finance.

by Katherine Burton

November 21, 2016, 12:01 AM EST  Updated on November 25, 2016, 11:50 AM EST

From Bloomberg Markets
‘Crowdsourced’ Quantopian dives into algorithms

Hedge fund hopes trading strategies coded by members will disrupt industry
The crowd is surprisingly wise
There is no substitute for knowing an industry inside and out. Each of our 22 industry practices draws upon McKinsey experts from around the world to pool their industry expertise and develop perspectives, resources and capabilities so that we can prepare our clients for the challenges and opportunities ahead.
Industry structure determines successful business models
How Steve Jobs Nearly Blew It

In 2007, Steve Jobs was in the middle of what was perhaps the greatest tenure as a CEO in US corporate history. But throughout that year, his failure to fully appreciate a basic insight from economics threatened to stall his company’s momentum.
Apple opens iTunes App Store

By Jason Snell, Peter Cohen

Macworld | JUL 10, 2008 5:27 AM PT

Apple opened the App Store on Thursday, providing access to 552 iPhone and iPod touch applications to users of iTunes.

To run and install the software, users will need a device using the iPhone 2.0 software, currently only available to purchasers of new iPhone 3G models.
Apple captures more than 103% of smartphone profits in Q3 despite shrinking shipments

By Mikey Campbell
Thursday, November 03, 2016, 05:00 pm PT (08:00 pm ET)

Apple raked in more than 100 percent of all smartphone industry profits during the third quarter of 2016, despite owning roughly 12 percent of the market, according to new estimates presented Thursday.
Uber shares growing financials to distract from negative publicity

Posted Apr 14, 2017 by Alex Wilhelm (@alex), Katie Roof (@Katie_Roof)
NEWSFLASH: CLASSPASS IS IN MAJOR EXPANSION MODE—IS YOUR CITY NEXT?

CLASSPASS

TRANSFORM YOUR WORKOUT WITH ONE ALL-ACCESS PASS

ClassPass gets you into the best studios in your city. Take unlimited group fitness classes with just one monthly membership.
Platform Advantages

- Network effects / demand side economies of scale
- Control of user interface and user experience
- Control of ecosystem

- Crowd-based discovery
- Data and algorithms for
  - Matching
  - Pricing
  - Personalization
  - Trust
Platform economics determine successful business models
Second Machine Age Hypotheses

• The optimal division of labor between minds and machines is shifting rapidly
• The crowd is often (usually?) more capable than the core
• Value creation is moving from products to platforms
Thank You!

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